

# MANUFACTURING EXTENSION PARTNERSHIP

## Success Stories from the Field

### Midwest Industries Inc

#### Montana Manufacturing Extension Center

#### Back to the Future for Midwest Industries, Inc.

##### Client Profile:

Midwest Industries, formerly known as Midwest Welding and Machine, began 25 years ago as a welding supply company and a distributor for Meyer snow plow attachments. During the mid-1980's surge in structural steel fabrication, the family-owned business rebranded itself as Midwest Industries to attract government contracts. Midwest's facility in Bozeman, Montana employs 30 people.

##### Situation:

Constraints arose at Midwest as the company allocated limited resources to the greatest day-to-day needs and latest growth spurts. With an 80 percent growth curve, there was not enough space to maintain the retail side while growing the structural steel side of the organization. In addition, the nonstructural welding and machining were also completely constrained. The question became how the company could grow and still retain a visible store front. Midwest's general manager, Chris Westlake, knew and valued outside expertise and attended the Montana Manufacturing Extension Center's (MMEC), a NIST MEP network affiliate, Compete Smart Manufacturing Conference, where he learned about MMEC services. Knowing the time had come to identify growth opportunities, he called on MMEC for a costing model and business assessment to explore cost drivers, overall profitability, and how to better allocate costs.

##### Solution:

MMEC began with a Value Stream Map to analyze the steel fabrication shop in an effort to maximize capacity in existing space. An unsolicited offer to purchase and maintain Midwest's retail outlet onsite was made by a company that could achieve economies of scale a single store cannot. That offer, coupled with the MMEC findings, triggered new thinking about business growth. It had become apparent from the MMEC data that the steel fabrication shop needed more space than was available. The cost of acquiring more visible commercial space in the bustling area would have been extremely high. The family acknowledged that the structural steel business was the least dependent on remaining in the high-traffic commercial location, and they were not willing to take the risk associated with another major growth step in structural steel. However, two key employees had the expertise and passion needed for its continued growth along with the interest in purchasing that business line. Those dynamics ultimately helped the family make a conscious decision, based on solid financials, to refocus on its core competency in non-structural fabrication and ornamental work. This allowed the company to refocus on the business passion and retaining the prime service location. The company was able to leverage the value of the MMEC projects in an innovative way to successfully spin off several aspects of the business.

Selling two facets of the company provided the resources to grow the long constrained core business. Midwest moved into a new facility, doubling its work space and increasing staffing from 5 to 20 people. The larger space improved the manufacturing process, and project turnaround has been reduced by 50 percent. The company's former front shop space has been sublet to a complementary business,

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and the complementary structural steel entity, now Midwest Steel Industries, moved to a nearby community.

#### **Results:**

- \* Realized between \$5,000 and \$10,000 in cost savings.
- \* Reduced turnaround time by 50 percent.
- \* Doubled work space.
- \* Created 15 new jobs.

#### **Testimonial:**

"The MMEC costing model definitely gave us a better understanding of the financial performance of the diverse lines of business. We now have better resource allocation and stronger performance through making difficult but necessary decisions. I was able to leverage MMEC's findings, saving me \$5,000 to \$10,000 in fees it would have cost to get financial documentation together for the sale."

Chris Westlake, General Manager